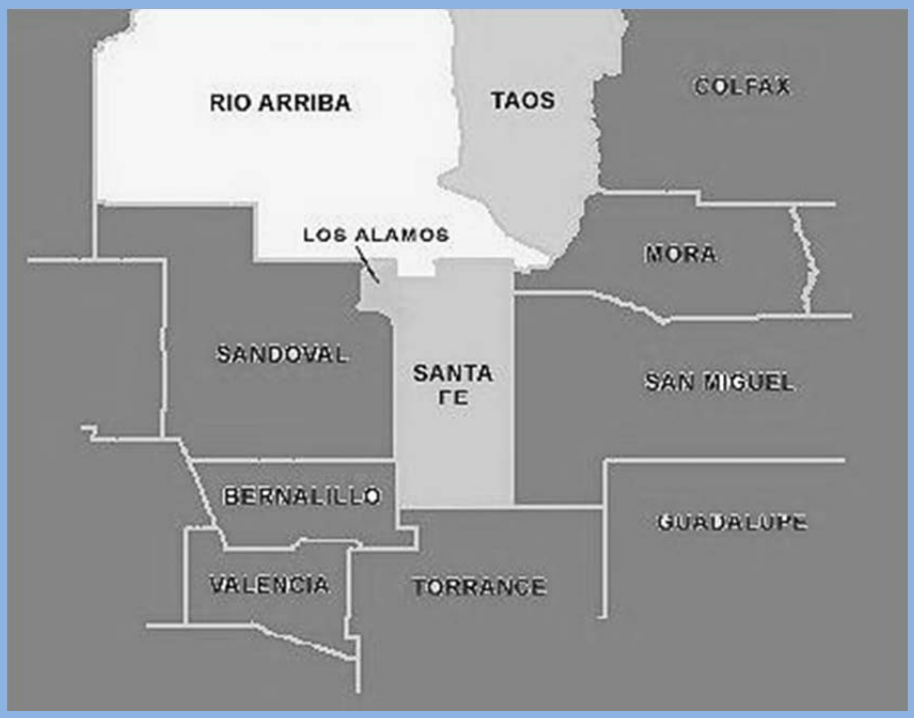
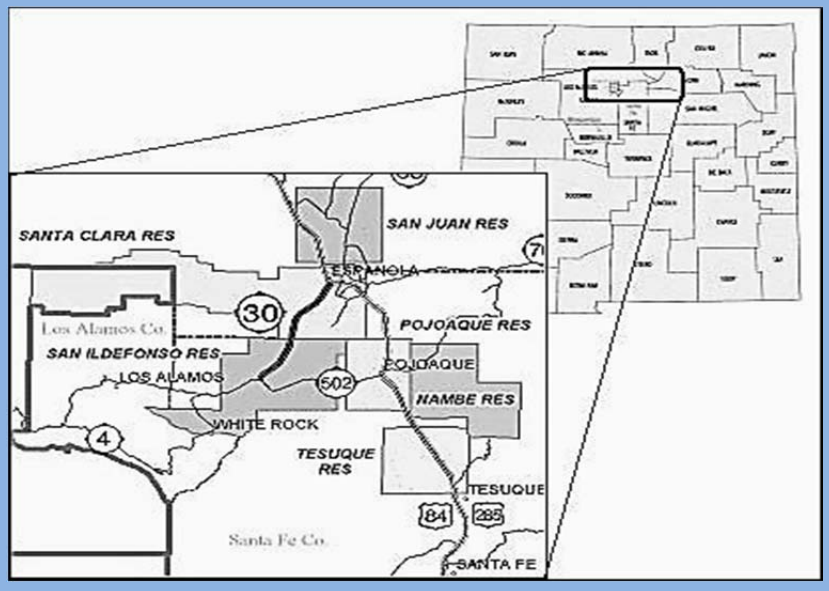
NORTH CENTRAL REGIONAL TRANSIT DISTRICT

2012 Annual Report





Mission Statement

The mission of the North Central Regional Transit District is to provide safe, secure and effective public transportation within North Central New Mexico in order to enhance the quality of life of our citizens by providing mobility options and to spur economic development throughout the region.

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Board
Room
Available
Maximum Occupancy
86

A Message from Daniel R. Barrone, Chair

As I enter my fifth year serving as a member of the Board of the North Central Regional Transit District, I speak to you from a humbled place as this year I come to you as its Chairman. I am proud to not only represent the residents of Taos County whom I serve as Commissioner, but to also represent the residents of the 10,079 square mile area that make up our North Central New Mexico district.

I am especially proud of the members of the Board, whose commitment to a common goal of working together for the benefit of the people we serve, truly advances the goal of bringing regional transportation to our constituencies and to provide vast mobility options to people where none had existed before.

A ridership survey conducted this year found that 58 percent of our riders had a household income of less than $17,000 and in a State that ranks number one in the United States for residents living in poverty, the fact that we provide a lifeline to jobs, medical services, education and mobility cannot be overstated.

This year marks another milestone in record ridership resulting in more cars off the roads, reduction of carbon in the air we breathe and the ability for families to cut down on fuel costs to help them manage in challenging economic times. A recent study by the American Public Transportation Association found that individuals who ride public transportation instead of driving can save an average of $9,854 annually.

The past five years of this organization, still in its infancy, have not been without their significant accomplishments nor their challenges, but I also see an organization that is maturing and operating at its most efficient since the day it was founded. Policies and practices are being established and put into place that will strategically position us to meet the challenges and the demands of the future. The need for sustained funding, particularly at the level that will allow us to respond to increasing demands for service expansion is critical. This year we put into place a 10-year capital investment plan to help insure we are operating as fiscally responsible as possible and to meet the capital needs moving into the future.

This year we established the Board Finance Sub-Committee to ensure that we are operating at our most effective. The Sub-Committee is comprised of five Directors who meet monthly to review and recommend financial policies that maintain and improve the financial health of the NCRTD.

We closed out the year making final preparations for the move into our new Española headquarters, the Jim West Regional Transit Center. The center brings all of the RTD operations under one roof and serves as a testament to the hard work and dedication of the Board, both past and present, and to the staff and government officials who believed that one day a transit system could connect an often remote four county area of North Central New Mexico. The center is named in honor of the late Jim West, a Los Alamos County Councilor and a founder of the NCRTD, who also served as the Board's first Chair.

I would like to end by acknowledging the committed and hardworking staff of the NCRTD and our drivers – our heart, who under the direction of Executive Director Anthony Mortillaro keeps everything always moving forward thoroughly and efficiently. Anthony, who was brought in this year to head the organization, has been exactly the right person, at exactly the right time to help shape the organization and skillfully guide it into the future.

I look forward to continuing to serve on the NCRTD Board, to help steer its growth and progress, and its contribution to the fine people of North Central New Mexico!

Thank you,

Daniel R. Barrone
NCRTD Chair

Annual Report to the Region from Anthony J. Mortillaro, Executive Director

I am pleased to present to you the North Central Regional Transit District's (NCRTD) Annual Report to the Region. During Fiscal Year 2012, the NCRTD continued to experience success as it completed its fifth year of service to the residents within the District. We are proud to have reached a new milestone in respect to an all-time high in ridership with 185,827 riders for the year, representing a 26 percent increase. This increase in ridership confirms that regional and rural public transportation continues to be an important and crucial concern in North Central New Mexico. It remains the forefront of our mission as we strive to bring interconnectivity between the communities and bring educational, work, and mobility opportunities to customers, neighbors and visitors alike.

The District continued to operate in a challenging environment since approximately 70% of our operating revenues are derived from the Transit Gross Receipts Tax (GRT) collected in all four counties that make up the District. This revenue source is highly dependent upon the economic performance of the economies within those counties we serve. Our GRT revenues for the fiscal year ended slightly below budgeted projections. As such we were compelled to project flat revenues for the upcoming fiscal year (FY13). This meant that no new routes would be added and that existing routes and service levels would be kept intact. Our ability to maintain service levels is a result of our conservative financial practices. The NCRTD has and will continue to examine its operations, administration, routes and schedules to operate as efficiently as possible. In addition, our actions continue to focus on maximizing and enhancing our mission of safe, secure, reliable and effective transportation.

Following is a short list of our FY2012 accomplishments:

- Received an unqualified audit for FY2011 and no new management findings;
- Surveyed customers who gave the District a 4.7 average rating (with 1" dissatisfied", 5 "very satisfied") for overall satisfaction with the services provided;
- Completed the $2 million dollar reconstruction of the District's new headquarters and maintenance facility in Española;

- Replaced aging fleet with modern and economical vehicles that have enhanced security features;
- Developed long range financial and capital investment strategic plans and;
- Added a new route to service the Town of Edgewood.

For the upcoming year, the District is anticipating continued investment in our ability to serve the customer and enhance route planning through the purchase of routing software and ride planning applications. In addition, further fleet replacements are anticipated along with the construction of a fleet fueling facility in order to decrease fuel costs. Lastly, additional bus shelters, signage, trash receptacles and route information will be made available at current locations for the comfort of the rider along with needed route information.

The District is steadfast in continuing to operate in a transparent manner and a commitment to excellence with guidance from the Board of Directors, collaboration with our riders, member entities and elected officials. Success in the future will come based on the efforts of all the stakeholders. The future brings an air of excitement for the organization and its team.

I hope you will find the Annual Report informative and useful. As you read this report you will note the accomplishments and services enumerated herein are carried out daily by many caring team members whose skills and commitment make the NCRTD the great transit agency it is today. I am privileged and honored to be one of the many team members contributing to our success.

With respect,

Anthony J. Mortillaro
Executive Director

MEMBERS OF THE NCRTD BOARD OF DIRECTORS

Chair
Commissioner
Daniel R. Barrone
Taos County

Vice Chair
Commissioner
Barney Trujillo
Rio Arriba County, Chairman

Secretary/Treasurer
Councilor
Geoff Rodgers
Los Alamos County, Vice Chair

Commissioner
Kathy Holian
Santa Fe County, Vice Chair

Special Projects Director
Tim Vigil
Pueblo of Pojoaque

Councilor
Patti Bushee
City of Santa Fe

Tribal Sheriff
John Shije
Santa Clara Pueblo

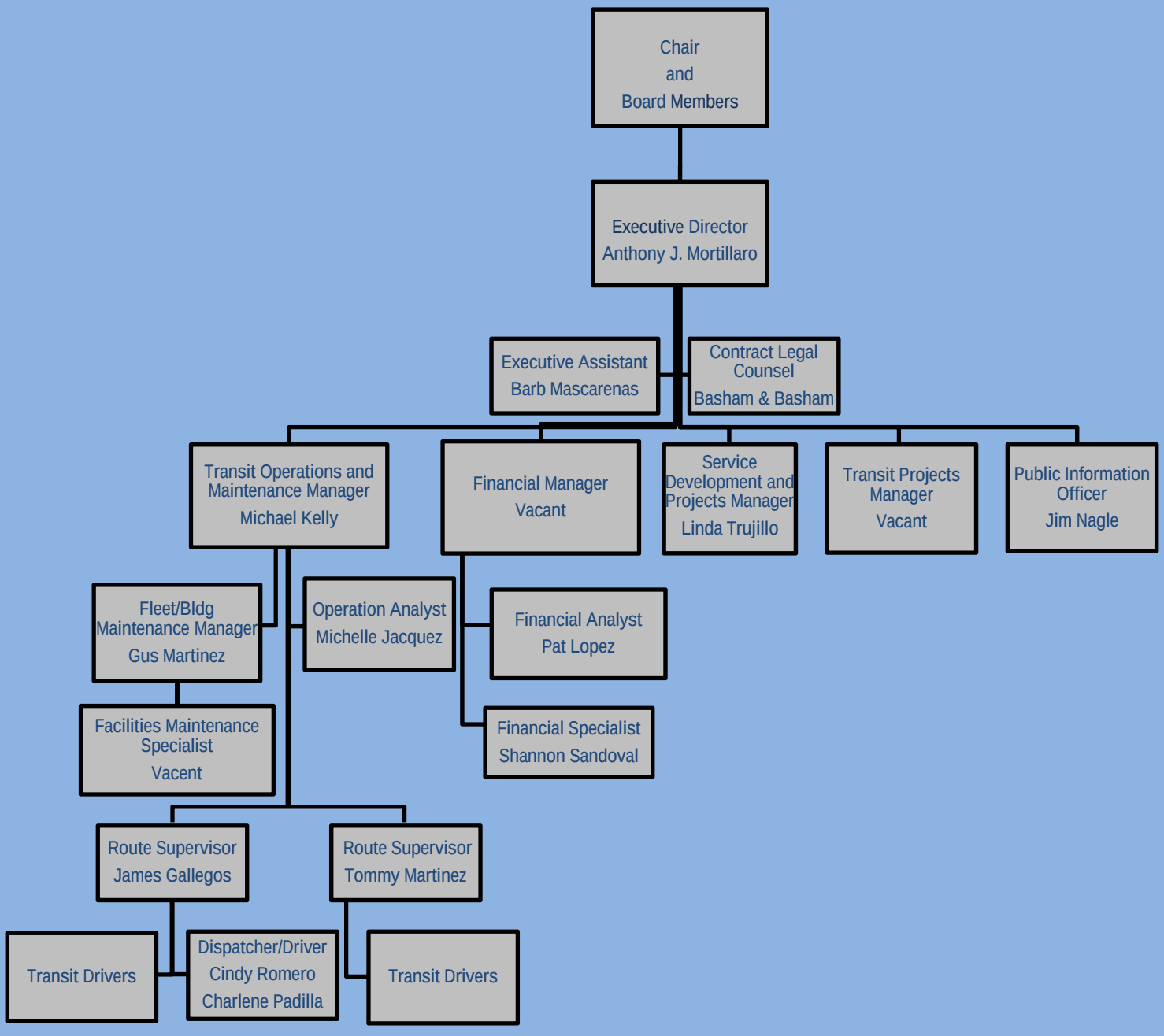
Councilor
Dennis Tim Salazar,
Mayor Pro Tem
City of Española

Former Governor
Charles Dorame
Tesuque Pueblo

San Ildefonso Pueblo
Appointment Pending

Ohkay Owingeh Pueblo
Appointment Pending

NCRTD Organizational Chart



JIM
WEST
REGIONAL TRANSIT CENTER
PARKING
PARKING

Cutting the ribbon, NCRTD Chairman and Taos County Commissioner Daniel Barrone (r.) and the late Jim West's sister Val Boatman (l.) are flanked by current and former NCRTD Board members as well as Pablo Sedillo representing U.S. Senator Jeff Bingaman; U.S. Congressman Ben Ray Lujan; Barney Trujillo, Chair of Rio Arriba County Commission and NCRTD Board Vice Chair; Española Mayor Alice Lucero; Michele Jacquez-Ortiz representing U.S. Senator Tom Udall; Los Alamos County Councilor Mike Wismer; and NCRTD Executive Director Anthony Mortillaro.

NCRTD DEDICATES THE JIM WEST REGIONAL TRANSIT CENTER:

Opens New Headquarters in Española

As FY2012 was coming to a close, the North Central Regional Transit District was in the midst of one of the greatest milestones since its founding; the move into its new headquarters, the Jim West Regional Transit Center, which took place as FY2013 got underway. Located in Española, New Mexico, the move marked the first time that all of the District's divisions began operating under one roof.

In dedicating the building, NCRTD Chairman and Taos County Commissioner Daniel Barrone stated that, "This Transit Center serves as a testament to the hard work and dedication of the government officials, NCRTD Board and staff -- both past and present, who believed that one day a transit system could connect a 10,000 plus square mile area of North Central New Mexico and create mobility options for people in most cases where none had existed before."

Anthony Mortillaro, NCRTD Executive Director added, "The move will allow us to operate more efficiently and cost effectively and strongly positions us to meet the future growth and needs for the District. This now consolidates the administrative offices with the operations and fleet management divisions that previously had been spread out over three locations in Santa Fe, Taos and Española."

The 12,500 square foot facility includes a state-of-the-art Boardroom, executive meeting room, light maintenance bay, driver's training room and break room, as well as kitchen. It also provides offices for the administrative staff, operations and fleet management.

The 10-acre property provides a secured fleet storage yard housing the RTD fleet as well as All Aboard America!/New Mexico Park & Ride vehicles. Future initiatives being explored for the additional land include development of a full fleet maintenance operation and installation of a fuel dispensing facility either of which would allow the District to reduce the costs of contracting out for maintenance or purchasing from commercial fueling stations. The additional land is being evaluated to possibly provide mixed-use development to create on-going revenues for the District.

The Jim West Regional Transit Center is named for the late Jim West, a Los Alamos County Councilor. He was among the founders of the NCRTD and was an inaugural member of the NCRTD Board of Directors in 2004. In 2006, he was elected Chairman of the Board and served in that capacity until 2008 when his illness caused him to resign. Jim West worked tirelessly for the creation, consolidation and expansion of

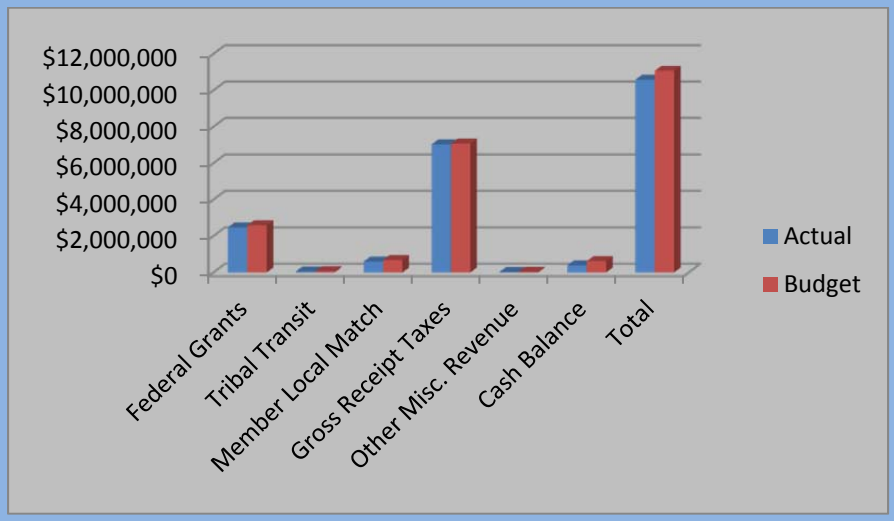
regional transit throughout the District and actively sought to forge the diverse membership of the NCRTD into a unified, cohesive and meaningful regional authority for the public benefit of all North Central New Mexico.

Purchase and renovation of the new public transportation facility was made possible by grants from the American Recovery and Reinvestment Act, the Federal Transit Administration, Congressional funding and the voter approved Transit Gross Receipts Tax.

FY2012 Financial Highlights*

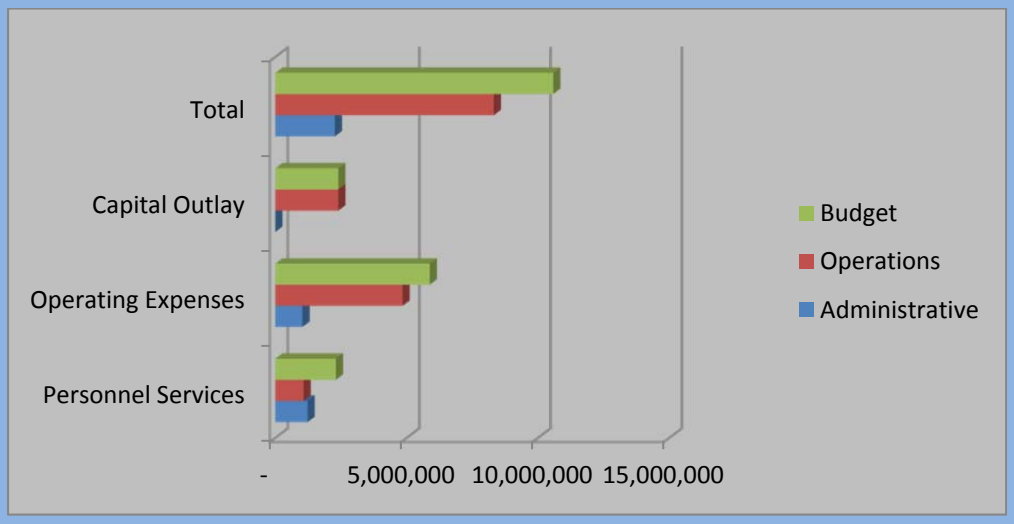
The North Central Regional Transit District (NCRTD) operated with a proposed Fiscal Year 2012 revenue budget in the amount of $10.4 million and a proposed expenditure budget in the amount of $11.0 million. NCRTD proposed the difference between the revenues and expenditures shortfall in the amount of approximately $600,000 that would be made up with NCRTD cash balance. Actual Revenues totaled approximately $10.6 million and actual Expenditures totaled approximately $10.6 million.

Revenue from Federal sources contributed approximately 24% to the total revenue received with Gross Receipt Taxes from participating counties generating approximately 67% of revenues and approximately 9% from other sources generated from the sale of vehicles, fares and miscellaneous revenue.



Fiscal Year 2012		
Revenues	**Actual**	**Budget**
Federal Grants	$2,477,664	$2,588,061
Tribal Transit	57,595	66,566
Member Local Match	600,000	679,173
Gross Receipt Taxes	7,027,716	7,075,929
Other Misc. Revenue	25,393	40,000
Cash Balance	389,273	621,032
Total	$10,577,641	$11,070,761

Actual Fiscal year 2012 Expenditures totaled $10.6 million. Personnel Service expense for the District comprised approximately 22% of total expenditures with other operating expenses comprising approximately 56% of expenses and the remaining 22% of expenses related to capital outlay purchases. Of the $10.6 million in expenditures, $2.2 million was related to administrative expenses and the other $8.3 million was related to operation expenses.



Fiscal Year 2012				
Expenditures	**Actual**			**Budget**
	Administrative	**Operations**	**Total**	
Personnel Services	**$1,233,109**	**$1,073,635**	**$2,306,744**	**$2,460,269**
Other Operating Expense	**1,031,060**	**4,844,893**	**5,875,953**	**5,527,154**
Capital Outlay	**-**	**2,394,944**	**2,394,944**	**3,083,293**
Total	**$2,264,169**	**$8,313,472**	**$10,577,641**	**$11,070,716**

For the Fiscal year ended June 30, 2011, Hinkle + Landers, the District's external auditors, expressed an Unqualified opinion with no audit findings. All of the seventeen (17) findings in the prior Fiscal Year 2010 audit were resolved. The District is expecting an Unqualified opinion for the FY2012 Audit.

The Finance Department continues to strengthen internal control procedures and develop Standard Operating Procedures to ensure that staff members have a clear understanding of their position requirements. The department also continues to redefine accounting procedures and processes to be more efficient within the department.

**unaudited financial information*

FY2012 Board Action Overview

The NCRTD Board of Directors maintained an active schedule with monthly meetings to review policies and put procedures into place that help ensure a smooth running organization and to see that their constituencies within the District are appropriately represented. Two subcommittees also meet regularly, the Tribal Subcommittee and the Finance Subcommittee to review matters that pertain to each one's area of specialty and make recommendations to the Board.

A series of 22 Resolutions were adopted by the Board throughout the year, among them:

- Adoption of Amended Financial Policies designed to provide a comprehensive framework for the management of financial resources for the District
- A revised Drug and Alcohol Testing Policy
- Records and Email Retention Policy and Disposition Schedule
- A Resolution that continues Resolution 2010-09 to eliminate fares for all fixed routes and paratransit up to three fourths of a mile from fixed routes through December 31, 2013
- Resolution adopting the NCRTD Title VI Program which prohibits discrimination on the basis of race, color, or national origin in Federally-funded programs or activities
- Resolution adopting an advertising policy to allow for advertising on NCRTD-managed properties
- Rider Suspension Policy
- Amended Public Records Request Policy

In June after review and recommendation by the Finance Subcommittee, the Board adopted the FY2013 Budget by unanimous decision.

On December 2, the Board adopted the Open Meetings Act which provides that no resolution, rule, regulation, ordinance or action of any board, commission, committee or other policy-making body shall be valid unless taken or made at a public meeting open to the public at all times except as otherwise provided within the Open Meetings Act.

This year we bid farewell to three officers who retired their NCRTD Board seats: Chair Rosemary Romero who did not run for another term on the Santa Fe City Council; Vice Chair Robert Seeds, City of Española Councilor; and Secretary/ Treasurer Mike Wismer, Councilor for Los Alamos County. Rosemary Romero joined the Board of the NCRTD in 2008 and in 2010 was elevated to head the District as Chairman of the Board, which she led until her retirement in March of 2012.

On April 6, the Board elected three officers to succeed them: Daniel R. Barrone, Taos County Commissioner, District 1, was elected to the post of NCRTD Chairman of the Board; Barney Trujillo, Rio Arriba County Commissioner, District 1, was named Vice Chairman; and Geoff Rodgers, Los Alamos County Councilor became the newly elected Secretary/Treasurer.

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NCRTD Conducts First Rider Survey

In October, 2011, the NCRTD conducted its first rider survey to determine:

- Who is riding the Blue Bus
- Why they're riding the Blue Bus
- How we can better serve our ridership

The survey was created by the District staff, and disseminated and collected by drivers to riders on their routes during the last week of October. Survey documents were then input into a data base by Southwest Planning and Marketing who then analyzed the results.

Among the findings:

Customers are "very satisfied" with the service. In fact, overall satisfaction with the service was ranked 4.7 on a scale of 5. Also receiving an average rating of 4.7 were:

- Driver is helpful and friendly
- Driver is knowledgeable
- Personal safety on the bus
- Cleanliness of bus
- Buses are well maintained

Having the RTD as transportation to work is essential for many. In fact, close to half of the respondents (46.4%) ride five days a week.

The RTD is often the only means of transportation for riders. Two-thirds of the respondents do not have a working personal vehicle. Many also commented that they would use the system on the weekends if it were available.

In regards to household income, 58 percent of the respondents have household income equal to or less than $16,999. According to the US Department of Health and Human Services, the 2012 poverty guidelines for a household of four is $23,050 or less.

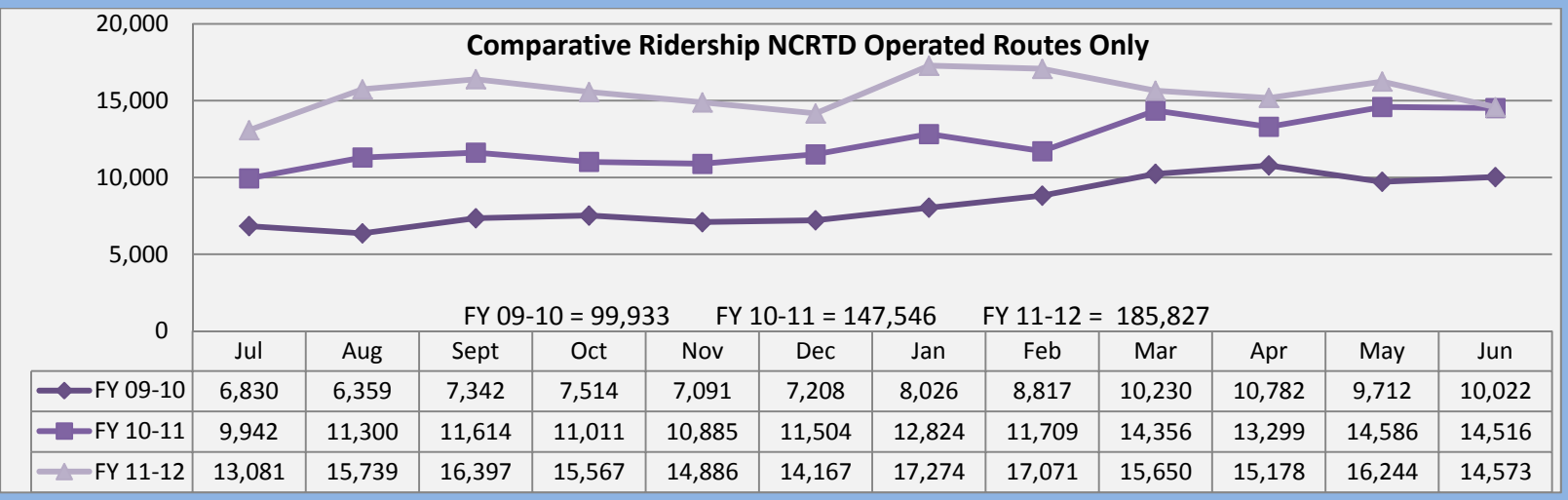
Among some general comments and observations: people were requesting service on the weekends; respondents had high praise for the drivers; many comments were requesting a change in the route, the addition of stops or additional routes; respondents from Edgewood to Santa Fe and Eldorado to Santa Fe stressed the need for a larger bus (a larger bus was placed on the Edgewood route beginning in April).

The results will provide an invaluable tool in strengthening service and targeted marketing into the coming years.

NCRTD RECORD RIDERSHIP:
POSTS A 26 PERCENT INCREASE IN FY2012

The NCRTD has enjoyed solid growth in ridership each year and FY2012 was no exception. A record number of people rode the "blue bus" this year as we posted a 26 percent increase in ridership. This number far surpasses the national average which saw an increase of 2.31 percent across the United States, according to the American Public Transportation Association (APTA).

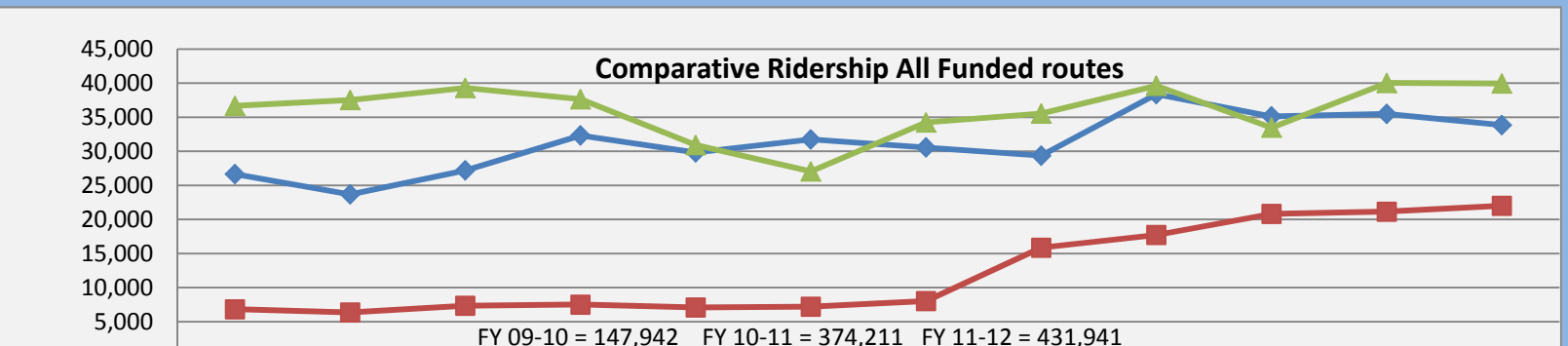
Ridership for all NCRTD-operated routes totaled 185,827 in FY2012 over a total of 147,546 in FY2011. NCRTD provides 20 fixed routes throughout North Central New Mexico and two demand response (paratransit) routes.



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 09-10	6,830	6,359	7,342	7,514	7,091	7,208	8,026	8,817	10,230	10,782	9,712	10,022
FY 10-11	9,942	11,300	11,614	11,011	10,885	11,504	12,824	11,709	14,356	13,299	14,586	14,516
FY 11-12	13,081	15,739	16,397	15,567	14,886	14,167	17,274	17,071	15,650	15,178	16,244	14,573

An analysis of all NCRTD-funded routes for FY2012 shows a 15.4 percent increase in ridership with 431,941 in FY 12 over 374,211 in FY2011. "All NCRTD-funded routes" includes the NCRTD-operated routes as well as regional routes serviced by Santa Fe Trails, including Santa Fe Pick-Up, and Los Alamos Atomic City Transit that are funded by the NCRTD.

From the Gross Receipts Taxes (GRT) it collects each year, the NCRTD contributes to regional transportation services provided by other transit operators in its four-county North Central New Mexico area. In FY2012, $967,000 went to support Santa Fe Trails, $1.4 million was provided to support Los Alamos Atomic City Transit and $1.9 million went to New Mexico Rail Runner Express.



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 09-10	6,830	6,359	7,342	7,514	7,091	7,208	8,026	15,858	17,731	20,820	21,152	22,011
FY 10-11	26,655	23,679	27,202	32,325	29,835	31,743	30,570	29,368	38,395	35,114	35,480	33,845
FY 11-12	36,666	37,522	39,298	37,650	30,923	27,051	34,236	35,541	39,611	33,474	40,027	39,942

NCRTD – CONTRIBUTING TO A GREENER NEW MEXICO

Fewer cars on the road, reduced carbon in the atmosphere, cleaner running buses; these are all things that the NCRTD has committed to from its founding and as it moves into the future.

In FY2012, more than 2,073 tons of carbon dioxide emissions (a greenhouse gas) were reduced as a result of people taking the RTD rather than driving their vehicles.

Traffic congestion was reduced by removing an estimated 5.84 million vehicle miles of travel from our State highways.

Now that our entire fleet is equipped with bike racks we are seeing more and more riders who are committed to leaving their cars behind and using the RTD to get to their destination and bike throughout the community, whether commuting to work, for recreational and social purposes, or simply just to expand their access to resources in other towns and cities.

This coming year marks the beginning of realizing our ultimate goal, as resources permit, to migrate our vehicles using gasoline to an alternative means of energy. As we go out to bid on what may become the purchase of our first environmentally-friendly Compressed Natural Gas (CNG) and/or Liquefied Petroleum Gas (LPG) buses, this marks our initial effort towards environmentally sustainable vehicles. Cleaner and greener -- both technologies reduce carbon emissions due to low carbon content and high octane levels.

RTD
SERVING NORTH CENTRAL NEW MEXICO
NORTH CENTRAL REGIONAL TRANSIT DISTRICT
PUBLIC TRANSPORTATION

Fleet Enhancements Continue Throughout FY2012 – With an Eye to the Future!

To provide service throughout the more than 10,000 square mile district (larger than the States of Massachusetts and Delaware combined), RTD vehicles in FY2012 logged an average of 51,756 miles per route, per year, on its fixed and commuter routes. For this reason, the District remains steadfast in its commitment to continually upgrade and enhance its fleet of 35 passenger vehicles. FY2012 proved no exception. There were 12 vehicles purchased and placed into service this year which included two 28-passenger vehicles, one 18-passenger vehicle, six 13-passenger vehicles and three 8-passenger vehicles.

A contingency fleet of 20 percent is maintained at all times in accordance with Federal Transit Administration regulations and guidelines.

This now makes the fleet 100 percent ADA accessible, each equipped with front mounted bike racks and, for the first time, with high resolution digital audio and video cameras to help provide maximum safety and security for the passengers and driver. Interior cameras record activity within the bus and forward facing cameras record from a through-the-windshield driver's perspective.

This year the RTD placed a radio repeater at Taos Ski Valley and, as the year closed, was finalizing arrangements to install one at Pajarito Mountain Ski Area in Los Alamos County which will provide coverage for two-way radio communication between radio dispatchers and drivers throughout the District. This substantially upgrades the system as previous coverage only allowed for two-way communication in a 30-mile radius from the center of Española.

In FY2012, five RTD drivers received their Commercial Driver's License (CDL), increasing the total of CDL certified drivers to 19 from an overall total of 32 drivers. RTD Fleet Manager, Gus Martinez, this year became a State-certified CDL Examiner qualified to test drivers for certification.

Placed into service two years ago, a Recovery Vehicle continued to be an invaluable time and money-saving tool to provide roadside assistance by being able to tow a replacement vehicle to the site, safely remove the disabled vehicle from the road, and provide tire dismounts and mounts. Additionally, the vehicle is equipped with emergency lighting to direct safe rerouting of traffic around the disabled vehicle if need be.

The NCRTD Fleet Division is now well poised with a steady eye on its future. The new Jim West Regional Transit Center provides the District with its own secured fleet storage yard and the ability to accommodate the projected growth in fleet supply in the coming years. A light maintenance garage will allow for cost saving, on-site repairs. The District continues to maintain additional fleet storage in each of its four counties with two vehicles in Santa Fe at the All Aboard America administration and maintenance facility, one housed at the Edgewood Volunteer Fire Station, five in Taos and one in Chama.

In FY2013/second quarter, the NCRTD will go out to bid to initiate its own contract for eight new replacement vehicles. Each will be equipped with GPS capabilities, a first for the District. Also representing a first for the District, bids will be requested for vehicles with alternative fuel capabilities, specifically CNG and LPG.

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